

# the Latest Word

Iowa Public Employees' Retirement System | Fall 2006

## YOU ASKED— IPERS LISTENED: ELECTRONIC PAYMENT FEATURE AVAILABLE SOON IN ICON

Responding to requests from employers, IPERS is adding an electronic payment feature to ICON so employers can pay IPERS contributions online.

If you are already an ICON user, you merely will use the "Payment Registration" link to grant authorization and enter the necessary banking information.

If you have not been using ICON, now may be the time to start. Making payments electronically costs you nothing. IPERS pays the transaction costs, which are less than those for check processing.



### There are several advantages to paying electronically:

1. Transactions are secure.
2. Payments post to the employer's IPERS account immediately.
3. You will know exactly when money will be withdrawn from the account.
4. You can integrate the payment process with your quarterly wage reporting.
5. You can print a receipt to help with your recordkeeping.
6. You do not need to write a check or add postage.

You will find more information about how to use the electronic feature at the ICON link on IPERS' Web site when the feature is ready for use.

## IPERS contribution rates for fiscal year 2008

IPERS' actuary completed the annual valuation and certified the contribution rates for fiscal year 2008 for sheriffs, deputy sheriffs, and members in other protection occupations. The legislature approved an increase in the rate for regular members.

<i>Effective July 1, 2007</i>	EMPLOYEE SHARE	EMPLOYER SHARE	TOTAL CONTRIBUTION RATE
<b>REGULAR MEMBERS</b>	3.90%	6.05%	9.95%
<b>PROTECTION OCCUPATIONS</b> 	5.64%	8.47%	14.11%
<b>SHERIFFS &amp; DEPUTY SHERIFFS</b> 	7.70%	7.70%	15.40%

## Covered wage ceiling \$225,000 for calendar year 2007

Effective January 1, 2007, the Internal Revenue Code limitation that applies to IPERS-covered wages will increase from \$220,000 to \$225,000 for calendar year 2007. Wages paid to employees over \$225,000 are not subject to IPERS withholding and should not be reported on IPERS reports. If an employee of your organization has more than one employer and exceeds the wage ceiling because of dual employment, IPERS will adjust the wages accordingly and notify you of the overpayment.

Please make the appropriate changes to your payroll system for calendar year 2007.



**FROM THE CEO  
DONNA M. MUELLER**



IPERS' funding success depends on setting contributions at the right level and using an investment strategy that maximizes returns within an

acceptable level of risk.

The legislature this year took an important step to set contributions at the right level. The action was possible because of the support and understanding shown by almost 2400 employers that provide IPERS benefits to their employees. Although the legislature did not increase the rate to the recommended level, the approved increase will strengthen IPERS' long-term funding.

IPERS puts the contributions to work by investing them. IPERS is legally responsible to invest its assets for the best economic interest of current and former public employees who are members of IPERS.

IPERS uses a diversified portfolio that balances risks and returns. As a large, institutional investor, IPERS can use some investment products that are not available to the individual investor to fulfill its responsibilities. IPERS' investment portfolio includes some riskier investments, like venture capital, that may bring high returns but could also bring high losses, and safer investments less likely to get the highest returns but with lower probability for losses.

IPERS' strategy continues to serve us well. We have exceeded the returns assumed by the actuary who examines the long-term funding needs. Even after the July 2007 rate increase for regular members, benefits remain a value, especially since they come with a lifetime guarantee.

## *Benefit education and retirement planning*

*Please share with your employees.*

**Call IPERS at 1-800-622-3849 weekdays, 7:30 a.m.-5 p.m.**

### **Group presentations**

- IPERS overview and answers to general questions.
- Recommended for new to mid-career IPERS members.

### **Retirement seminars**

- Comprehensive resource for retirement planning.
- Experts in financial planning, deferred savings programs, and Social Security.
- IPERS retirement estimates provided.
- Informal group setting.
- Registration required. Call IPERS.

### **Individual counseling**

- Projection of benefits and discussion of options.
- Recommended for everyone retiring in three to five years, and open to anyone.
- Evening appointments fill up fast; call soon.
- Appointment confirmation letter mailed to you. (Please call if you can't keep your appointment so we can schedule someone else.)

### **Telephone counseling**

- For those unable to meet with an IPERS representative in your area or at the IPERS office in Des Moines.
- Benefit projections sent to you by mail.

Check the IPERS Web site often for counseling updates and other news. **www.ipers.org**

CITY	LOCATION	DATE	TIME	WHAT
Sioux City	Sioux City Convention Center, Room 2, 801 Fourth Street Sioux City Convention Center, Rooms 4 & 5, 801 Fourth Street	January 22, 2007 January 23–25, 2007	5:30–8:30 p.m. By appt.	Retirement Seminar Individual Consultations
Mount Ayr	Ringgold County Soil and Water Conservation, 1201 East South Street	February 21, 2007	By appt.	Individual Consultations
Bedford	Taylor County Soil and Water Conservation, 1506 Oak Street	February 22, 2007	By appt.	Individual Consultations
Waterloo	Country Inn & Suites, 4025 Hammond Avenue	March 19–22, 2007	By appt.	Individual Consultations
Creston	Union County Soil and Water Conservation, 904 East Taylor Street	March 28, 2007	By appt.	Individual Consultations
Red Oak	Montgomery County Memorial Hospital, 2301 Eastern Avenue	March 29, 2007	By appt.	Individual Consultations
Council Bluffs	Council Bluffs Public Library, 400 Willow Avenue Country Inn & Suites, 17 Arena Way	April 2, 2007 April 3–5, 2007	6:30 p.m. By appt.	Group Presentation Individual Consultations
Sioux Center	AEA 4, 1382 Fourth Avenue, NE	April 9–10, 2007	By appt.	Individual Consultations
Emmetsburg	Iowa Lakes Community College, 3200 College Drive	April 11–12, 2007	By appt.	Individual Consultations
West Burlington Burlington	AmericInn, 628 South Gear Avenue Great River AEA 16, 3601 West Avenue Road	April 16–19, 2007 April 19, 2007	By appt. 6–9 p.m.	Individual Consultations Retirement Seminar
Corning	City Council Chambers, 601 Sixth Street	April 25, 2007	By appt.	Individual Consultations
Clarinda	Page County Courthouse, 112 East Main Street	April 26, 2007	By appt.	Individual Consultations
Clinton	Erickson Center, 1401 11 <sup>th</sup> Avenue North Erickson Center, 1401 11 <sup>th</sup> Avenue North	May 7, 2007 May 8, 2007	6:30 p.m. By appt.	Group Presentation Individual Consultations
Davenport	Staybridge Suites, 4729 Progress Drive	May 9–10, 2007	By appt.	Individual Consultations
Cedar Rapids	MainStay Suites, 5145 Rockwell Drive, NE	May 21–22, 2007	By appt.	Individual Consultations
Corydon	Wayne County Soil and Water Conservation, 300 South Lafayette Street	May 23, 2007	By appt.	Individual Consultations
Coralville	AmericInn, 2597 Holiday Road	May 23–24, 2007	By appt.	Individual Consultations
Centerville	ISU Extension Office, 501 North 12 <sup>th</sup> Street	May 24, 2007	By appt.	Individual Consultations
Denison	Denison Municipal Utilities, West Broadway & Seventh Street	June 4–5, 2007	By appt.	Individual Consultations
Atlantic	Cass County Memorial Hospital, 1501 East 10 <sup>th</sup> Street	June 6–7, 2007	By appt.	Individual Consultations
Dubuque	MainStay Suites, 1275 Associates Drive The Forum, 2300 Chaney Road	June 11–14, 2007 June 12, 2007	By appt. 5–8 p.m.	Individual Consultations Retirement Seminar
Clear Lake	AmericInn, 1406 North 25 <sup>th</sup> Street	June 25–28, 2007	By appt.	Individual Consultations
Keosauqua	Van Buren County Hospital, 304 Franklin Street	July 9–10, 2007	By appt.	Individual Consultations
Ottumwa	AmericInn, 222 West Second Street	July 11–12, 2007	By appt.	Individual Consultations
Waukon	Stoney Creek Inn, 407 Rossville Road	July 17–18, 2007	By appt.	Individual Consultations
Sidney	Sidney Community School District, 2754 Knox Road	July 23, 2007	By appt.	Individual Consultations
Clarinda	Clarinda Regional Health Care Center, 823 South 17 <sup>th</sup> Street	July 24–25, 2007	By appt.	Individual Consultations



## *QA Are employees who retire and go back to work subject to IPERS withholding?*

Yes. If the retiree has worked for your organization in the past, the person may not seem like a new employee to you. However, IPERS retirees receiving benefits who return to work have the same IPERS coverage and are subject to the same IPERS withholding as any other new employee. Because the person ended employment, started retirement benefits, and then returned to work, IPERS considers this a new period of employment.

Retirees hired as permanent employees should be covered from the onset of the new period of employment. However, many retirees

return to temporary positions, and thus must qualify for coverage before having IPERS contributions withheld from their checks. If such an employee previously worked in an IPERS-covered position, remember to update your payroll system so IPERS contributions are not taken out of the employee's wages until he or she qualifies for coverage. Many employers must adjust wages for employees who had IPERS contributions withheld in error when they returned to a temporary position.

Also remember that retirees must complete a bona fide retirement before returning to

work with an IPERS-covered employer. In addition, IPERS retirees under age 65 who return to work are subject to an earnings limitation, which is currently \$30,000 per calendar year. Beginning July 1, 2007, employer contributions made to defined contribution or other deferred compensation retirement arrangements will be counted as wages earned when determining the earnings limitation, even though they will not be treated as IPERS-covered wages. Please see the IPERS Employer Handbook for additional information on these topics.

## *Are car allowances considered IPERS-covered wages?*

IPERS rarely considers car allowances IPERS-covered wages because such allowances are for work-related expenses, even if paid as a monthly stipend not directly tied to documented expenses. IPERS coverage of employee business expense reimbursement often follows the Internal Revenue Code, but it is not safe to draw conclusions based on what is reported as federal taxable income.

IPERS closely examines car allowances, including those being reported by employers as federal taxable income. If it appears that an allowance was intended as reimbursement for business expenses and as such could have qualified for exclusion from the member's taxable income, but has been included in federal taxable income by the parties' decision not to make the attempt, we will continue to treat the

allowance as reimbursement for business expenses — that is, not IPERS-covered.

Although you should always exclude a nontaxable payment, do NOT automatically consider a taxable payment IPERS-covered.

**Please contact the IPERS employer relations bureau if you have questions regarding the coverage of reimbursements.**



## Meet Janet Goode



Most people see “travel required” as the downside of a job, but Janet Goode thinks it is a plus.

“I like meeting people and I want to see different parts of Iowa,” said Goode. “Being a compliance officer is the perfect job for me.”

At IPERS since mid-July, Janet has already started seeing Iowa as she conducts onsite visits to review employer compliance with IPERS requirements. With many years of experience as a customer service representative and manager, Goode understands people react to these reviews differently.

“Some employers are happier than others to see me,” noted Goode. “But most seem to understand we want to help.”

An Iowa native, Goode worked as a consultant traveling to Michigan and California before coming to IPERS. She is happy her traveling now will keep her in Iowa.

## IPERS COVERAGE FOR NEWLY ELECTED OFFICIALS

As newly elected officials are taking office, reporting officials need to notify all eligible employees of their optional coverage rights. Most part-time elected officials are IPERS-covered unless they complete and submit an *Election for Termination of IPERS Coverage* form within 60 days of taking office. Please see the *Election for Termination of IPERS Coverage* form (available on IPERS' Web site) for a list of all positions with optional coverage and IPERS' Employer Handbook for detailed instructions.

## Joyce Fister available to HR personnel



Joyce Fister, an IPERS veteran who has spent the last 11 years providing retirement counseling, is now available to help human resources personnel communicate with employees and recruits about IPERS retirement benefits.

Fister understands that one challenge faced by HR professionals is how to make retirement benefits relevant to all employees, not just those in their fifties and sixties.

“IPERS benefits are an important part of employees' overall compensation,” said Fister. “Employees need to understand the full value of the benefits they receive.”

Fister said she spends time explaining to employers how defined benefit plans like IPERS work, and how IPERS helps keep quality employees in public service.

“Employers tell us IPERS is an important part of their recruitment and retention efforts,” said Fister. “Employers can feel good about offering employees a stable retirement benefit that has a lifetime guarantee.”

Joyce has been calling many reporting officials as she puts together a list of HR contacts. If you want Joyce to visit your agency, call her at 515-281-0066.





## **IPERS ENROLLMENT/BENEFICIARY DESIGNATION FORMS IMPORTANT**

Public employees enroll in IPERS using the *Enrollment/Beneficiary Designation* form. The form should also be used when an employee needs to make changes to the beneficiary designation to ensure that, should someone die before retirement, IPERS will pay death benefits as intended.

Although employees, not employers, are responsible for accurately completing this form and sending the original to IPERS, employers can help. Make the form readily available and let employees know forms always are available on IPERS' Web site. Remind employees to review their designated beneficiary each year when they receive their account statements to make sure the information is up to date.

### **IPERS ENROLLMENT/BENEFICIARY DESIGNATION**

#### **When to use**

- When a new employee starts work.
- When a current IPERS-covered employee needs to report a name change of a current beneficiary or designate a different beneficiary.
- IPERS returns all forms that are not signed and witnessed, do not properly identify that a member is unmarried, or do not correctly specify a beneficiary. If an employee dies and the most recently filed form is invalid, IPERS may be required to pay benefits to the member's estate or to the beneficiaries under the most recent valid form on file.

#### **When not to use**

- When an IPERS-covered employee has a change in name, address, or phone number. Instruct the employee to use IPERS' *Name or Address Change* form instead.

#### **Important to know**

- IPERS' *Enrollment/Beneficiary Designation* form must be signed by the employee, spouse (if applicable), and a disinterested witness.
- The designation of the beneficiary(ies) must be specific; suggested wording is on the back of the form.
- Refer all employees who feel they have unique situations and need more information to IPERS.

#### **What not to do**

- Do not keep copies of these forms at the worksite. Employees may update their forms with IPERS and not provide you an updated copy, causing you to make incorrect assumptions should something happen to an employee.

## *Stop ICON access when reporting staff leave*

For security reasons, it is important to instruct IPERS to inactivate ICON access when an employee with IPERS reporting responsibilities leaves the job. An ICON password is specific to the person, not the employer, and the person still will have access to confidential information even when no longer working for you if the user ID and password are not inactivated.

## *Smarter I-Que system to replace ICON next year*



IPERS has started work to replace its aging computer system with new technology.

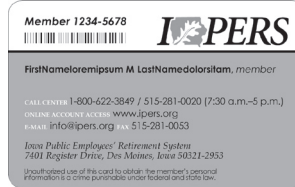
Faster and more efficient, I-Que will streamline employer reporting currently done in ICON. Employers will have quick access to accurate, complete, and timely information over the Internet. This includes individual employee data, as well as current and historical information about wages and contributions. Members will be able to access more of their own account information and conduct some business online.

I-Que is still in the early stages and IPERS will send you more information as it becomes available. When fully in place, I-Que will manage all facets of benefits administration, including reporting wages, tracking contributions, and paying benefits. IPERS will provide hands-on training before implementation. Web-based interactive refresher training for seasoned IPERS reporting officials and training for those new to electronic reporting also will be available.



## Employer reporting unchanged by member identification numbers

An identification number issued to about 300,000 current and former public employees who are members of IPERS replaces use of the social security number in many IPERS communications, but does not change employer reporting.



The membership identification card recently mailed to all members, beneficiaries, and alternate payees contains a unique number that IPERS will use in place of the social security number on many forms and in correspondence. IPERS issued the number to help prevent identity theft. IPERS will limit use of social security numbers to tax purposes and to confirm financial transactions.

Employees who lose their card or have questions about their number should contact IPERS at 1-800-622-3849.

## IPERS' 11.11% investment return tops goals

IPERS was a top investment performer in 2006, earning 11.11 percent on its portfolio. The return exceeded most standards for comparison, including industry-respected benchmarks of the Trust Universe Comparison Service (TUCS).

As a defined benefit plan, IPERS provides a monthly pension guaranteed for life, regardless of investment returns. However, because investments produce the largest percentage of income needed to fund pensions, good returns are important for overall financial health.

### IPERS Investment Returns

	FY2006	3 YEARS <sup>1</sup>	5 YEARS	10 YEARS
<b>IPERS' RETURN</b>	11.11%	12.04%	7.14%	9.37%
<b>POLICY BENCHMARK<sup>2</sup></b>	9.73%	11.66%	7.16%	8.67%
<b>CPI + 3%</b>	7.32%	6.37%	5.65%	5.62%
<b>ACTUARIAL RETURN ASSUMPTION</b>	7.50%	7.50%	7.50%	7.50%
<b>MEDIAN—TUCS PUBLIC FUNDS &gt; \$1 BILLION<sup>3</sup></b>	10.72%	12.24%	6.57%	8.42%

<sup>1</sup>Returns for periods longer than one year are annualized.

<sup>2</sup>Policy benchmark is a passively managed set of market indices, with appropriate weightings, that are reflective of IPERS' target asset allocations.

<sup>3</sup>Median return of the Trust Universe Comparison Service's universe of public funds with assets greater than \$1 billion.

Please share  
The Latest Word with  
others in your agency who  
need to know about IPERS.

### Questions?

#### E-mail

employerrelations@ipers.org

#### Mail

Iowa Public Employees'  
Retirement System  
P.O. Box 9117  
Des Moines, IA 50306-9117

#### Phone

515-281-0020 or 1-800-622-3849  
7:30 a.m.–5 p.m., Monday–Friday  
Ask for a member of the  
employer relations bureau

#### Fax

515-281-0053

#### Web site

www.ipers.org  
(Select Employers)

The Latest Word is published quarterly by the Iowa Public Employees' Retirement System for participating employers and others interested in IPERS policy and funding.

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8 a.m.–4:30 p.m.

PHONE CENTER HOURS

7:30 a.m.–5 p.m.

1-800-622-3849

515-281-0020

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## *what's inside*

*The Latest Word | Fall 2006*

### **1 FY2008 contribution rates**

Get details on the new contribution rates that take effect July 1, 2007.

#### **Covered wage ceiling**

Read the announcement about the new covered wage ceiling, the maximum amount considered as IPERS-covered wages.

#### **Electronic payments**

Find out about the feature in ICON that will allow you to pay IPERS contributions electronically.

### **2 From the CEO**

CEO Mueller knows employers' support for a contribution rate increase for IPERS regular members was essential to success. Her column is on page 2.

### **2 Retirement planning and counseling for your employees**

IPERS representatives are coming to a location near you. Find out where they'll be.

### **4 Q&A**

Get answers to questions employers are asking.

### **5 People**

Put faces to the names of IPERS staff you can call for help.

#### **Elections**

It was an election year and a good time to review the retirement options available to elected officials.

### **6 ICON and I-Que**

Read about what's going on with ICON and what I-Que has to do with it.

### **7 Numbers**

You don't have to do the math, but this page is all about the numbers. Get the investment returns for fiscal year 2006, numbers to call, and a reminder about IPERS member IDs.